

OVERSIGHT BOARD FOR THE CITY OF MAYWOOD
AS SUCCESSOR AGENCY OF THE MAYWOOD
COMMUNITY REDEVELOPMENT AGENCY

DATE: NOVEMBER 19, 2014

TO: HONORABLE CHAIR AND MEMBERS OF THE OVERSIGHT BOARD

FROM: ANDRE DUPRET, PROJECT MANAGER

SUBJECT: REIMBURSEMENT OF \$30,450 OF SUCCESSOR AGENCY FUNDS
TO THE COMMUNITY DEVELOPMENT BLOCK GRANT FUND

RECOMMENDATION

That the Oversight Board for the City of Maywood ("Oversight Board") as Successor Agency of the Maywood Community Redevelopment Agency ("Successor Agency") receive and file this report.

FISCAL IMPACT

The transfer of the \$30,450 from the Successor Agency Fund to the Community Development Block Grant Fund (CDBG) would be recorded as a prior period adjustment and would satisfy the corrective action requirement by the Los Angeles Community Development Commission (CDC).

BACKGROUND

The \$30,450 represents revenue received in 2007 for the repayment of a loan that had been made under a previous housing rehabilitation loan program funded with CDBG funds. When the loan was repaid in 2007, it was inadvertently recorded in the books of the former Maywood Redevelopment Agency. In 2014, a financial monitoring and review of the City's Single Audit Report identified the anomaly.

Records indicate that the \$30,450 repayment was erroneously deposited in the Redevelopment Agency account and recorded as a Redevelopment Agency project. The audit found that the \$30,450 loan previously paid with CDBG funds was not reported and returned as program income to the CDC.

Current City Finance personnel confirmed that the repayment was inadvertently recorded as revenue in the City's Redevelopment Agency Fund. An adjusting journal

entry has been made to correct the CDBG loan receivable balance which was previously overstated. The \$30,450 must be repaid to the CDC.

The City has notified the CDC that, because the loan repayment was inadvertently recorded in the records of the former Maywood Redevelopment Agency, the City is required to take this matter before the Successor Agency, Oversight Board and the Department of Finance (DOF) for consideration, determination and final disposition. The Maywood Successor Agency approved the reimbursement of \$30,450 from the Successor Agency Fund to the CDBG Fund at its regularly scheduled meeting of November 12, 2014.

DISCUSSION

Since all assets of the former Maywood Redevelopment Agency are now held in trust by the Maywood Successor Agency, and since the responsibility for the management and disposition of all assets rests with the Successor Agency, any request for the use of Successor Agency funds must be formally included in a Recognized Obligations Payment Schedule, or "ROPS."

The next ROPS scheduled to go to the DOF will be ROPS 15-16A for the period July 1 to December 31, 2015. ROPS 15-16A will be submitted to the DOF at the end of the first quarter of 2015 with the request to approve the \$30,450 loan as a recognized obligation included in the document(s). Approval of this request would allow the City to use Successor Agency funds to reimburse the CDC.